

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN**

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Application Of Wisconsin Energy Corporation	)	
For Approval Of A Transaction By Which	)	
Wisconsin Energy Corporation Would Acquire	)	Docket No. 9400-YO-100
All Of The Outstanding Common Stock Of	)	
Integrus Energy Group, Inc.	)	

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**REBUTTAL TESTIMONY OF LANE KOLLEN**

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**Q. Please state your name and business address.**

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

**Q. Have you previously filed testimony in this proceeding?**

A. Yes. I previously filed Direct Testimony in which I addressed WEC's failure to demonstrate that the proposed acquisition is in the "best interests of utility consumers . . . and the public." If the Commission decides to approve the acquisition, then I recommended a series of conditions to ensure that there are net benefits to WEPCO and WPSC utility consumers and that they are not harmed.

**Q. What is the purpose of your Rebuttal Testimony?**

A. The purpose is to respond to the Rebuttal Testimony of WEC witnesses Mr. John Reed, Mr. Allen Leverett, and Mr. Scott Lauber, each of whom continue to support the acquisition, including their adoption of certain limited conditions and their rejection of other conditions.

1  
2 **Q. Please summarize your Rebuttal Testimony.**

3 A. WEC still has not demonstrated that the proposed acquisition is in the “best interests of  
4 utility consumers . . . and the public.” Although I recognize that “best interests” is a legal  
5 standard, it seems to me to be self-evident that a “best interests” standard requires that  
6 there be a quantifiable net benefit and protections from harm. WEC’s acceptance of  
7 certain limited conditions not only fails to ensure that there will be net benefits for utility  
8 customers, they fail to even ensure that utility customers will not be harmed. Indeed,  
9 WEC’s rejection of other necessary conditions increases the probability that customers  
10 will be harmed, which certainly cannot be in their best interest.

11 WEC’s definition of *transaction* costs is unduly restrictive and is limited to costs  
12 incurred prior to and including the consummation of the acquisition. WEC’s definition  
13 fails to include the transaction costs that will be incurred subsequent to the consummation  
14 of the acquisition, such as directors and officers liability tail insurance. WEC’s definition  
15 also fails to include the transaction costs incurred to obtain approval in various  
16 jurisdictions for concessions made by WEC or conditions imposed by regulators, such as  
17 the recent settlement in Michigan to sell the Presque Isle Power Plant (“PIPP”) for a  
18 nominal amount. In addition, WEC’s definition fails to include the transaction costs that  
19 are incurred by WEPCO and WPSC. The Commission should broaden WEC’s unduly  
20 narrow definition of transaction costs to include these omissions and to put WEC on  
21 notice that it will not allow recovery of any transaction costs that were or will be incurred  
22 to consummate the acquisition.

23 WEC still has not identified or quantified *transition* costs or benefits (synergy

1 savings). Such transition costs include integration costs, which will not result in savings,  
2 and other transition costs that may be incurred to achieve savings.

3 WEC's proposed *accounting* to track transition costs and benefits for ratemaking  
4 purposes is nothing more than an undeveloped concept at this time, but could be used in  
5 future rate cases against the best interests of utility consumers and the public. It defers  
6 the review of transition costs and any actual benefits to future rate cases and virtually  
7 guarantees that the transition costs and benefits will be subject to extensive controversy  
8 in those proceedings. WEC's proposed accounting would establish WEPCO and WPSC  
9 as presumptive arbiters of whether a cost even qualifies as a transition cost, thus putting  
10 all other parties at an extreme disadvantage in future rate cases. WEC's proposed  
11 accounting would incentivize WEPCO and WPSC to ignore and exclude as many costs  
12 from this exercise as possible. WEC's proposed accounting also would establish  
13 WEPCO and WPSC as presumptive arbiters of the appropriate metrics and  
14 methodologies that will be used to quantify savings resulting from the transition cost,  
15 thus putting all other parties at further extreme disadvantage. These problems are  
16 exacerbated through the use of forecast test years in the ratemaking process. Left  
17 unresolved under this undeveloped concept is whether WEPCO and WPSC will be  
18 allowed to capitalize certain transition costs or to defer transition costs that otherwise  
19 would be expensed, subject to whatever recovery metrics and methodology the  
20 Commission subsequently adopts in future rate cases.

21 Finally, I continue to recommend that the Commission adopt the conditions that I  
22 set forth in my Direct Testimony. These conditions are necessary to ensure that the  
23 transaction is in "the best interests of utility consumers . . . and the public" in the form of

1 quantifiable net benefits and that there is no harm to utility customers. The Commission  
2 should reject WEC's arguments against these conditions. If the Commission approves  
3 the acquisition without requiring a showing of net benefits to customers, then it should  
4 ensure that there are net benefits through a writeoff of the transmission escrow accounts  
5 or bill credits, as proposed by the Staff, or through the adoption of other certain benefits,  
6 or some combination of these proposals.

7  
8 **Q. Mr. Reed argues that it is not necessary for there to be "net benefits" to customers**  
9 **in order for the Commission to find that the acquisition is in the "best interests of**  
10 **utility consumers . . . and the public."**<sup>1</sup> **Do you agree?**

11 A. No. Although I do not offer a legal opinion, it seems self-evident that a transaction  
12 cannot be in the "best interests" of utility consumers and the public unless it provides net  
13 benefits and ensures that there is no harm to the two groups of stakeholders that WEC  
14 does not represent. The Commission cannot ignore the statutory interests of these two  
15 groups of stakeholders. On the other hand, the Commission can be certain that WEC will  
16 advocate its own interests.

17  
18 **Q. Mr. Reed argues that the "best interests" standard means that "a transaction should**  
19 **not cause harm in terms of service, costs, environmental protection, safety and**  
20 **economic impacts."** He also argues that "[t]his means that the benefits of the  
21 **transaction should exceed its costs and risks when viewed from the perspective of**

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<sup>1</sup> Reed Rebuttal at 6.

1       **these stakeholders taken as a whole.”<sup>2</sup> Do you agree?**

2       A.     No. First, there should be net benefits. It is insufficient to limit the standard to “no  
3       harm,” particularly when WEC will not agree to conditions necessary even to ensure that  
4       there is no harm. Second, his statement that the “benefits of the transaction should  
5       exceed its costs and risks when viewed from the perspective of these stakeholders taken  
6       as a whole” is incomprehensible and should be rejected as a meaningful interpretation of  
7       the standard. For example, if WEC benefits by \$100 million, but customers are harmed  
8       by \$90 million, the acquisition could not be in the best interests of all stakeholders. Such  
9       result would show only that the acquisition is in the best interest of WEC and its  
10      shareholders. It would decidedly not be in the best interests of utility consumers and the  
11      public.

12  
13      **Q.     Has WEC made any attempts to identify or quantify transition costs or savings?**

14      A.     No. Mr. Reed continues to argue that no such studies are necessary. In the absence of  
15      any such studies, he nevertheless maintains that there are “quantifiable benefits” and that  
16      it is “clear that the Transaction will produce net benefits.”<sup>3</sup> Yet, these bald assertions are  
17      not supported by any WEC-specific studies or any proposed post-merger implementation  
18      plan that identifies the actions WEC will take to achieve these “quantifiable benefits.”  
19      WEC’s seemingly endless repetition of these unsupported claims does not imbue them  
20      with substance or overcome the lack of any plan or actual quantifications. In fact, WEC  
21      and Mr. Reed repeatedly and proudly assert that the acquisition was *not* initiated to

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

1 achieve savings, unlike acquisitions or mergers initiated by other utilities or utility  
2 holding companies.<sup>4,5</sup> Savings will not be achieved without an implementation plan;  
3 even with a plan, savings will be achieved only after the incurrence of costs to achieve.

4 WEC still has not identified or quantified the specific transition costs and any  
5 resulting savings. Thus, it is not certain and it is not clear that there are “quantifiable  
6 benefits,” although it is certain and it is clear that there will be significant transition costs  
7 incurred to integrate the holding companies and the utilities regardless of whether there  
8 are any savings.

9  
10 **Q. In your experience in numerous utility merger and acquisition proceedings, what**  
11 **purpose does a synergy savings study achieve?**

12 A. First, it demonstrates that the acquiring holding company or utility has a plan to integrate  
13 the management and operations of the utilities and other affiliates. Second, the plan  
14 provides a framework or a roadmap for implementation that can be reviewed by  
15 regulators and other parties prior to approval and consummation. Third, the plan can be  
16 used by regulators and other parties to assess the holding company’s and utility’s  
17 performance after consummation. Fourth, the plan provides a reasonable estimate of the  
18 costs that will be incurred and the savings that may be achieved.

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<sup>4</sup> *Id.*, 6: “The fact that WEC did not prepare a specific merger synergy study is reasonable because . . . this merger is not premised on immediate savings to customers.”

<sup>5</sup> *Id.*, 10: “WEC has not prepared a synergy study of estimated *actually achieved* savings for this proceeding, because the proposed merger is not premised on savings, nor is such a study required.”

1   **Q.    What are the problems that may arise if there is no plan and no synergy savings**  
2       **study?**

3    A.    The lack of a plan is analogous to a property developer who seeks investors and lenders  
4       to invest money to buy a “once in a lifetime” property, but has no business plan to  
5       develop that property and no plan to repay its investors or lenders. Without a plan, the  
6       potential investors and lenders cannot assess the costs that will be incurred to develop the  
7       property, the revenues that may be earned or the costs to operate and maintain the  
8       property. In short, this is a ridiculous proposition and no reasonable investor or lender  
9       will invest in this scheme. However, if the “once in a lifetime” property was utility  
10      property and any costs can be recovered from regulated customers without any significant  
11      conditions or constraints, then the ridiculous proposition becomes an opportunity for gain  
12      and reasonable investors or lenders would be interested in this scheme. The Commission  
13      and regulators in other jurisdictions are the only entities that can ensure that the  
14      “ridiculous” proposition is avoided. The Commission should not allow the interests of  
15      the investors and lenders to overwhelm the statutory interests of the utility consumers and  
16      the public that are exposed to the risks and costs of the “once in a lifetime” property.

17           If the Commission approves the acquisition and there is no plan, then there  
18      certainly will be costs to integrate the two holding companies and their subsidiaries, but  
19      the Commission, Staff, and intervenors will have to ferret out these costs in future rate  
20      proceedings. There is no “baseline” for costs in the absence of the acquisition and there  
21      are no estimates of achievable savings. This provides WEPCO and WPSC a rich  
22      opportunity to subjectively and creatively fabricate savings in the form of costs that could  
23      have been incurred, but were “avoided.” It is difficult to objectively measure costs that

1 are not incurred, but it is relatively easy to subjectively quantify savings based on metrics  
2 and claims after the fact that costs would have been even greater “but for the acquisition”.

3  
4 **Q. Mr. Reed and Mr. Lauber assert that WEC’s proposal to track transition costs for**  
5 **ratemaking purposes ensures that there will be no rate increases to recover these**  
6 **costs until savings exceed the accumulated costs.<sup>6,7</sup> Please respond.**

7 A. This proposal is not a serious or realistic substitute for an actual synergy savings study  
8 and does not ensure that the acquisition is in the “best interests of utility consumers . . . or  
9 the public.” It doesn’t ensure that there will be net benefits and no harm to utility  
10 customers.

11 In fact, this proposal is nothing more than a mere concept at this point that has not  
12 been sufficiently developed by Mr. Reed or Mr. Lauber or any other WEC witness. It is  
13 not a specific or practical proposal to identify and quantify transition costs or savings for  
14 ratemaking purposes. Under its conceptual proposal, WEC will develop an after the fact  
15 spreadsheet-based “model” to identify and track transition costs and quantify savings,  
16 presumably after the consummation of the acquisition and then only for use in future rate  
17 cases.

18 Neither Mr. Reed nor Mr. Lauber provide a copy of this so-called “model”  
19 because it does not actually exist. Mr. Reed generally describes how this model should  
20 or will incorporate the concept of a “baseline” or a “but for the acquisition” case against  
21 which future changes will be compared. However, Mr. Reed does not provide this

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<sup>6</sup> Id., 13.

<sup>7</sup> Lauber Rebuttal at 4.



1 phantom baseline or even the source or basis for it, although he stresses that it will be  
2 “important to actively assess and track the factors and circumstances affecting the  
3 baseline on a going forward basis” and notes that “the tracking of merger-related savings  
4 and the costs to achieve them is a very active process which requires frequent updating  
5 and analysis.” In other words, the process will be very subjective and dynamic. Parties  
6 other than WEC, WEPCO, and WPSC will get to see the “model” and the “baseline” for  
7 the very first time, and perhaps multiple times thereafter, only *after* the consummation of  
8 the acquisition. Until it files the “model” and “baseline” in future rate cases, WEC’s  
9 position can be summed up in the phrase “just trust us.”

10 However, WEC fails to lay the foundation for any such trust. In short, there is no  
11 model and there is no baseline. There are no criteria for identifying and quantifying  
12 transition costs. In reality, if WEC does not identify and track a specific cost as a  
13 “transition” cost, then it will fall outside this so-called “model.” For example, if WEC  
14 replaces the entire general ledger hardware and software platforms for the holding  
15 companies and subsidiaries or extends WEC’s platforms to the former Integrys  
16 companies to integrate these systems for accounting and financial reporting, WEC quite  
17 likely may decide that this cost is not related to the acquisition and is not a “transition  
18 cost” at all. That presumption could shift the burden of proof to intervenors who may  
19 argue in future rate cases that this cost was caused by the acquisition and, in fact, is a  
20 “transition cost.”

21 In addition, there are no metrics for identifying savings and there are no  
22 methodologies to quantify savings. Thus, the identification and quantification of  
23 “savings” by WEC, WEPCO, and WPSC will become a subjective and creative exercise

1 in identifying avoided costs that could or might have been incurred if WEC had not  
2 acquired Integrys.

3  
4 **Q. Is there another potential problem with WEC's proposal to track transition costs**  
5 **for ratemaking purposes?**

6 A. Yes. If adopted, this proposal may allow WEPCO and WPSC to defer transition costs  
7 and to recover those costs through "savings." WEC has made no formal proposal to  
8 modify its Application in this manner and should not be allowed to implement deferral  
9 accounting indirectly through this proposal to track transition costs. The Commission  
10 should condition its approval with a prohibition against deferrals for the reasons that I  
11 provided in my Direct Testimony.

12  
13 **Q. Parties in the acquisition proceeding in Case No. U-17682 before the MPSC recently**  
14 **entered a settlement agreement for approval of the acquisition contingent upon**  
15 **various terms, including the sale of PIPP. If this settlement results in costs to**  
16 **WEPCO's or WPSC's Wisconsin retail customers, should such costs be considered**  
17 **transaction costs and specifically disallowed recovery from WEPCO and/or**  
18 **WPSC's customers?**

19 A. Yes. It appears that the Commission will need to address the net benefits or costs to  
20 Wisconsin retail ratepayers arising out of the settlement agreement in future proceedings,  
21 including rate case proceedings and proceedings involving the sale of Michigan assets to  
22 UPPCO. However, the Commission should put WEPCO and WPSC on notice in this

1 proceeding that if it determines in another proceeding that there is a net cost to Wisconsin  
2 retail customers, it will disallow the costs.

3 The net cost of WEC's concessions in the Michigan settlement should be  
4 considered transaction costs because they were incurred to obtain the regulatory approval  
5 required from the MPSC for the acquisition. Absent such notice, WEPCO and WPSC  
6 may seek to recover the cost of the concessions from WEPCO and WPSC Wisconsin  
7 customers, respectively, in future rate proceedings.

8 There is no question that WEC agreed to the settlement to obtain regulatory  
9 approval of the acquisition from the MPSC. The settlement agreement states that "This  
10 Agreement is for the purpose of facilitating a final resolution of Commission Case No. U-  
11 17682 and FERC Docket No. EC14-126, and all provisions of the Agreement are  
12 dependent upon all other provisions contained therein." It necessarily follows that the  
13 costs associated with the settlement were incurred to obtain that regulatory approval.

14 Such costs incurred to obtain regulatory approval of the acquisition are  
15 "transaction costs" and must be disallowed from Wisconsin retail rate recovery. WEC  
16 itself acknowledges as much through its witness Mr. Reed, who states that:

17 no transaction costs incurred to negotiate, draft, or execute the merger  
18 agreement, or to obtain the regulatory and shareholder approvals required  
19 to consummate the proposed Transaction, will be recorded on the books of  
20 the operating companies. Such transaction costs will be recorded at the  
21 parent company level and not allocated or assigned to the operating  
22 companies.<sup>8</sup>  
23

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<sup>8</sup> Reed Rebuttal at 17-18.

1 To achieve the complex settlement in Michigan of numerous issues with  
2 numerous parties involving numerous regulated utilities, there is no question that some  
3 give and take was necessary, including the agreement for WEPCO to sell PIPP for a *de*  
4 *minimis* amount, far less than its net book value of approximately \$200 million. There  
5 may have been additional concessions. At this point we are not able to review all aspects  
6 of the settlement agreement because WEC has refused to produce the documents  
7 necessary to do so. However, the costs of all such concessions made by WEC to obtain  
8 regulatory approval in Michigan are transaction costs and should not be recovered from  
9 WEPCO and WPSC Wisconsin utility consumers.

10  
11 **Q. With respect to the sale by WEPCO of PIPP for a *de minimis* amount, does the fact**  
12 **that the net book value of PIPP is presently on the accounting books of WEPCO**  
13 **mean that this or any other costs on the accounting books of WEPCO or WPSC**  
14 **cannot be considered “transaction costs”?**

15 A. No. Transaction costs are not limited to WEC. As a practical matter, transaction costs  
16 are incurred by WEPCO and WPSC. For example, WEPCO presently incurs centralized  
17 service costs for WEG and WEPCO and then allocates a portion of these costs to WEB.  
18 IBS presently incurs centralized service costs for Integrys and WPSC and then allocates a  
19 portion of these costs to Integrys and WPSC. In other words, neither WEG nor Integrys  
20 initially incur or record the transaction costs. The costs must be charged by WEPCO or  
21 IBS to the parent companies.

22 If there is a net harm to WEPCO Wisconsin retail customers from the sale of  
23 PIPP, then there are at least two alternatives to ensure that they are not charged for this

1 transaction cost. The first alternative is that WEPCO writes off the net book value of  
2 PIPP and does not transfer the cost to WEG or WEC. Alternatively, PIPP should be sold  
3 to WEG at net book value and then sold by WEG to UPPCO. WEG then should writeoff  
4 the net book value as a transaction cost.

5  
6 **Q. Mr. Reed argues that because WEPCO and WPSC will not record “transaction**  
7 **costs” on their accounting books there is no need for them to report such costs and**  
8 **exclude them in future rate cases.<sup>9</sup> Please respond.**

9 A. The premise relied on by Mr. Reed is incorrect, as I previously explained. Therefore, the  
10 Commission should ensure that WEPCO and WPSC identify and remove all transaction  
11 costs from the cost of service in future rate cases. These transaction costs include the  
12 costs of concessions by WEC or conditions imposed by regulators in other jurisdictions  
13 and should not be viewed through the narrow lens proposed by Mr. Reed. Any costs that  
14 are incurred by WEC, WEPCO or WPSC to consummate the acquisition, whether  
15 incurred before or after the consummation of the acquisition, are transaction costs and  
16 should not be recovered from Wisconsin retail customers. There is no specified time  
17 frame set forth in the statute that limits the time period for transaction costs or the  
18 Commission’s determination whether the acquisition is in the “best interests of utility  
19 consumers . . . and the public.”

20  
21 **Q. WEC opposes the WIEG condition that WEC, WEPCO, or WPSC shall not propose**

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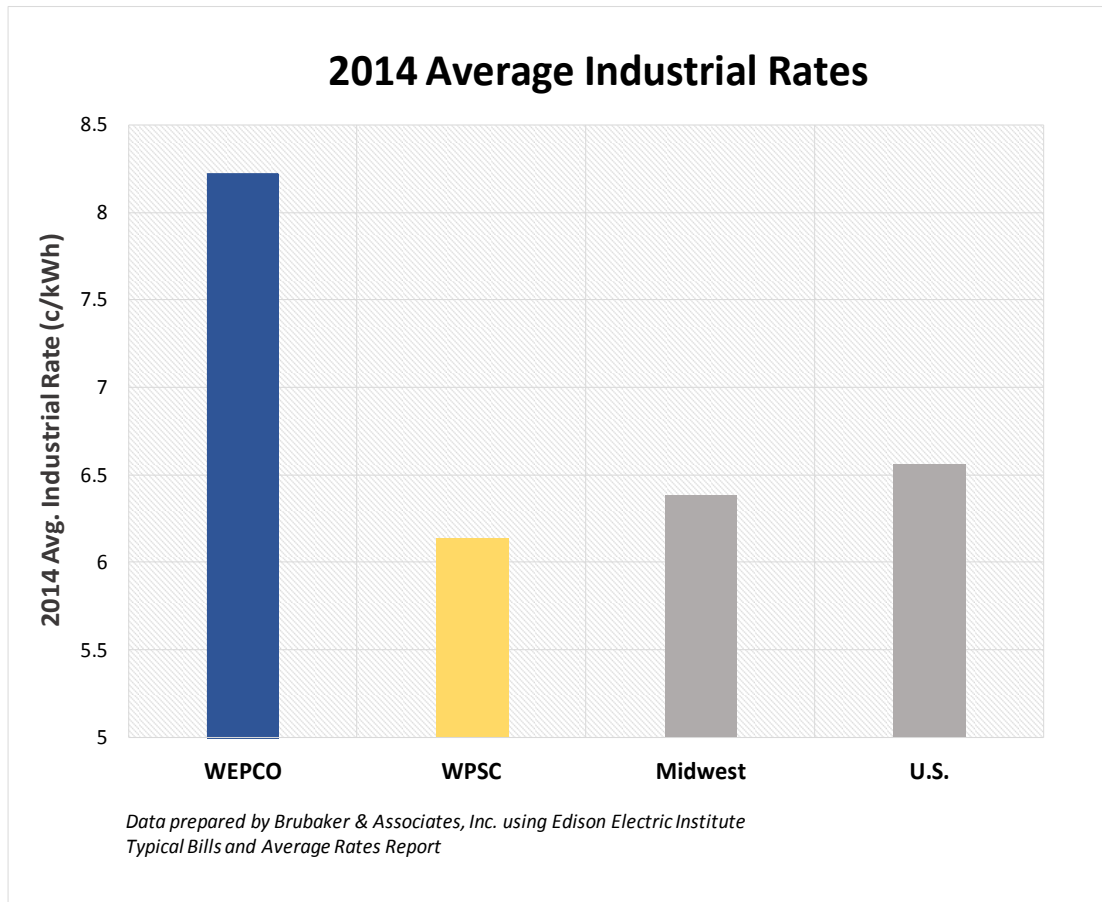
<sup>9</sup> *Id.*, 18.

1        **any levelization or subsidization of rates between WEPCO and WPSC or propose a**  
2        **merger between WEPCO and WPSC that will or may result in any levelization or**  
3        **subsidization of rates between WEPCO and WPSC for at least five years after the**  
4        **consummation of the transaction.<sup>10</sup> Why is this a concern?**

5    A.    There is a huge rate disparity between WEPCO and WPSC rates. In 2014, WEPCO's  
6        Wisconsin retail industrial rates averaged 8.22 cents per kWh and WPSC's averaged 6.14  
7        cents per kWh, respectively, for loads of 50 MW or more and annual consumption of  
8        32,500 MWH or more. In other words, WEPCO's rates for WIEG members are 34%  
9        more than WPSC's rates. In addition, WEPCO's Wisconsin retail industrial rates have  
10       increased by 24% in the last five years, while WPSC's Wisconsin retail industrial rates  
11       have increased by only 4%. I provide the data in support of these statistics in my Ex.-  
12       WIEG-Kollen-7. The following graph portrays these significant rate disparities..  
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<sup>10</sup> Lauber Rebuttal at 12-13.



1  
2  
3 **Q. WEC opposes the “most favored nation” condition proposed by WIEG to ensure**  
4 **that the cost of concessions and conditions imposed in other jurisdictions are not**  
5 **transferred to WEPCO or WPSC customers and to ensure that benefits of**  
6 **concessions and conditions imposed in other jurisdictions are extended to WEPCO**  
7 **and WPSC customers.<sup>11</sup> Please respond.**

8 **A.** Mr. Leverett identifies three reasons why WEC opposes this condition. The first reason is  
9 it is unlikely that a material condition has been overlooked by the parties in this case.  
10 However, that reason misses the point altogether because the concessions or benefits in

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<sup>11</sup> Leverett Rebuttal at 13.

1 other jurisdictions cannot be known unless and until there is a settlement and/or  
2 adjudication of the acquisition in those jurisdictions. The need for this condition is  
3 demonstrated by the Michigan settlement that I previously addressed.

4 The second reason is that there is a potential standoff among the various  
5 jurisdictions waiting to give final approval until other jurisdictions have issued orders.  
6 However, that isn't a valid concern. Each jurisdiction can move ahead with its review  
7 and approval process, but reserve the right to modify the conditions after it reviews the  
8 orders issued or settlements confected in other jurisdictions to ensure that its utility  
9 consumers and public are not harmed or that there are comparable benefits.

10 The third reason cited is that the Commission can reopen the docket if it is  
11 appropriate to do so. That really isn't a reason. The Commission need not close the  
12 docket until it has completed its review or orders issued or settlements confected in other  
13 jurisdictions.

14  
15 **Q. WEC opposes the WIEG condition for an earnings mechanism whereby the revenue**  
16 **requirement effect of WEPCO's and WPSC's actual earnings in excess of their**  
17 **authorized returns on equity would be refunded to customers for four years**  
18 **following the consummation of the proposed transaction.<sup>12</sup> Please respond.**

19 A. Mr. Lauber identified two reasons why WEC opposes this condition. The first is that it is  
20 "assymetric," meaning that it does not provide for rate increases. However, that is  
21 appropriate because the earnings mechanism is intended to ensure that the acquisition is  
22 in the "best interests of utility consumers . . . and the public" in the absence of any

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<sup>12</sup> Lauber Rebuttal at 6.



1 synergy study or quantified benefits.

2 The second reason is that such a mechanism “may constitute retroactive  
3 ratemaking.”<sup>13</sup> However, that is not correct. Any such mechanism would operate  
4 prospectively, not retroactively. Further, the Commission recently approved earnings  
5 caps for Northern States Power Company – Wisconsin in Docket No.4220-UR-120 and  
6 for Wisconsin Power and Light Company in Docket no. 6680-UR-119. The Commission  
7 could protect utility consumers from harm arising from this proposed transaction by  
8 approving an earnings cap here as well.

9  
10 **Q. WEC opposes the WIEG condition addressing costs due to credit rating**  
11 **downgrades.<sup>14</sup> Please respond.**

12 A. Mr. Lauber provides two reasons for WEC’s opposition. The first reason is that it claims  
13 any quantification of the effects of such a downgrade would be speculative. That is not  
14 correct. The effects of such a downgrade can be readily determined by the differential in  
15 the Moody’s bond yields applied to any new WEPCO or WPSC debt issued during the  
16 downgrade period. As an aside, it is interesting that WEC would consider the effects of  
17 any downgrade to be “speculative,” while claiming that one of the benefits of the  
18 acquisition is lower capital costs.

19 The second reason is that such a downgrade could be caused by conditions  
20 imposed by the Commission and that would be “inequitable.” That reason is illogical.  
21 The cause of such a downgrade would be the acquisition. Any conditions imposed by the

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.*, 8.

1 Commission will be in response to the acquisition. Thus, it is appropriate to ensure that  
2 the costs resulting from any downgrades be removed from the cost of service in future  
3 rate proceedings.

4 **Q. Have you read the testimony of Staff and GLU addressing their concerns with ATC**  
5 **and the significant increases in investment and the resulting impact on customers?**

6 A. Yes. I share those same concerns. ATC has grown at a remarkable pace since its  
7 inception in 2001, as demonstrated in Ex.-GLU-Lowry-2. As can be seen in that exhibit,  
8 between 2001 and 2014, ATC's rates grew from \$1.31 per kw-month to \$4.42 per kw-  
9 month, and its revenues from about \$153 Million to nearly \$528 Million. Moreover,  
10 ATC's growth shows no signs of slowing, as reflected in WEC's responses to discovery  
11 included in my Ex.-WIEG-Kollen-7c.

12  
13 **Q. Does this complete your testimony?**

14 A. Yes.